GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:280
ANSWERED ON:16.03.2007
FOREIGN INSTITUTIONAL INVESTMENT THROUGH PARTICIPATORY NOTES
Nedurumalli Janardhana Reddy Shri ;Radhakrishnan Shri Varkala

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has any plan to ban investments by Foreign Institutional Investors investments through participatory notes (PN rout

(e) to address the issue of misuse of stock markets;

(b) if so, the details thereof; and

(c) further steps taken or being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (c): A Statement is placed on the Table of the House.

Position No. 20

Statement referred to in the reply to Lok Sabha Starred Question No. 280 by Shri N. Janardhana Reddy and Shri Varkala Radhakrishnan, Members of Parliament, for 16th March 2007 regarding Foreign Institutional Investment through Participatory Notes

(a) to (c): Foreign Institutional Investors (FIIs) have been allowed to participate in the Indian stock market. Government, the Reserve Bank of India and the Securities and Exchange Board of India (SEBI) have framed a policy for such participation and have put adequate safeguards in place to guard against any possible misuse of this avenue of investment. The policy is reviewed continuously taking into account inputs/ concerns received from various sources. At present, Government has no plan to ban investments by Foreign Institutional Investors through participatory notes (PN route).